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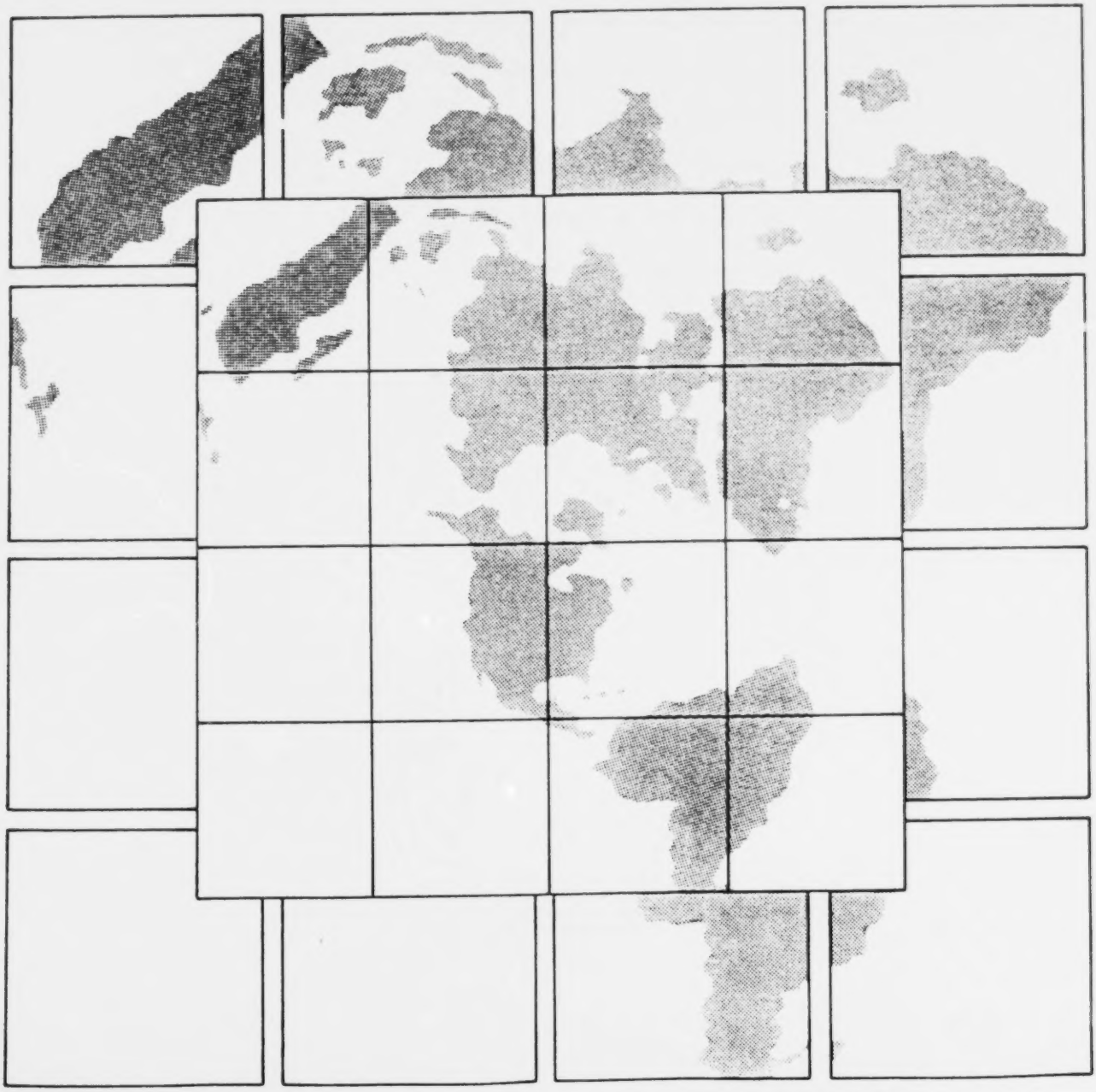

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FOREIGN LABOR TRENDS REPORT

The Republic of South Africa

July 1987 - December 1988

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Key Labor Indicators

	1960-69	1970-79	1980-87
1. Per capita yearly pct. growth in GDP per decade (at constant 1985 prices)	3.0	0.5	-1.1
	1986	1987	1988
2. Per capita GDP (at constant 1985 prices in Rand)	R3689	R3704	
Percentage change per annum	- 1.2	0.4	
3. Population, total (millions) (est.- including 6.2 million in 1987 in "independent" homelands		35.2	35.9
Estimated population growth (1)			2%
4. Population, major ethnic groups (millions) (est. including "independent" homelands) (2)			
African	25.67	26.31	-
Asian	.90	.91	-
"Colored"	3.02	3.07	-
White	4.88	4.91	-
Est. population growth rate (1)			
African		2.5%	
Asian		1.6%	
"Colored"		1.8%	
White		0.5%	
5. In Migration (000)(3)			(1st 8 mos.)
Total	6.99	7.95	6.96
United Kingdom	2.01	2.17	1.84
Zimbabwe	1.86	1.91	1.69
6. Out Migration (000)			(1st 8 mos.)
Total	13.71	11.17	5.87
To United Kingdom	5.41	3.82	1.89
To Australia	3.98	3.48	1.87
To Canada	.44	.76	.56
To USA	.60	.54	.24
7. Labor force, civilian (millions) (Gov't est. excluding "independent" homelands) (4)	10.25	10.46	projected 10.67
8. Employment, civilian (millions) (est.. excluding "independent" homelands)		8.13	8.37
9. Unemployment rate (pct) (est. excluding "independent" homelands)		22.2	22.0

	1986	1987	1988
10. Labor productivity (pct change)	-.7	1.2	1.8
11. Work time lost, ind. disputes (millions of man-days)	1.30	5.82	1st Q. .96 thru 3rd Q.
12. Minimum wage rates	(No national minimum wage)		
13. Average monthly earnings by major industry (in Rand) (4)			
Total			
Mining		831	962
Manufacturing		1054	1293
Construction		754	946
Whites			
Mining (5)		unavailable	
Manufacturing		2364	2781
Construction		2251	2822
Africans			
Mining (5) (est.)		518	595
Manufacturing		649	852
Construction		453	582
14. Avg. hours worked per week		44	44
15. Members of unions (millions)	1.95	2.12	
16. Unionization of labor (est. pct)		26	
17. Rate of chge., cons. price index	18.6%	16.1%	12.3% (10/88)
18. Commercial exchg. rate (US$/Rand)(6)		$.49=R1	$.43=R1

Notes

(1) Estimate based on Central Statistics Service data plus Institute of Race Relations' information on homelands. The Department of National Health and Population Development's annual report for 1986 provided a different growth rate estimate as follows: Overall 2.3 percent; Africans 2.8 percent; Asians 1.76 percent; "Coloreds" 1.8 percent; and Whites 1.55 percent.

(2) Government demographic, wage, and employment data use these racial categories: White, Asian, "Colored" and African. This report, when not quoting from government data, however, refers to Asian, "Coloreds", and Africans as "Black" as they generally call themselves.

(3) Not including black migration

(4) A leading Republic of South African (RSA) economist, Ronald Bethlehem, estimated the total labor force for all of RSA to be 12.3 million; formal sector employment to be 7.7 million, giving an unemployment/underemployment rate of 37 percent.

(5) The Chamber of Mines no longer provides wage data on a racial basis. The estimated monthly average wage for blacks is based upon the Chamber's figure for unskilled and semi-skilled mineworkers - almost all of whom are black.

(6) This exchange rate is not an exact measure of the domestic buying power of the rand. Use of this rate to obtain a dollar value of the rand earnings of SA workers would be misleading. Illustrative of the possible magnitude of the distortion is a recent study by the Union Bank of Switzerland. It concluded that if the rand were valued in world markets based upon its domestic buying power, it would be worth US$.79 = R1.0.

SUMMARY

This report while covering the period July 1987 to December 1988 focuses primarily on events in 1988. The salient event was the passage of the Labor Relations Amendment Act which has been sharply criticized as anti-union. The new act, combined with the continuation of the State of Emergency; the effective banning of anti-apartheid organizations including the United Democratic Front and the Azanian Peoples' Organization; and the Government's February 1988 ban on political activities of the Congress of South African Trade Unions (COSATU) caused the black labor movement to feel under siege. It led to cooperation between COSATU and the smaller National Council of Trade Unions (NACTU). They joined in protest on June 6-8 in the largest work stayaway in South African history. The U.S. Government publicly supported the trade union federations' right to engage in this peaceful protest.

One of the Act's most controversial provisions shifts the burden of proof in civil damages' cases to union officials to prove they were not responsible for illegal actions by their members. Fears that this clause will be used to bankrupt black unions increased when two COSATU affiliates were threatened late in the year with multi-million rand damage suits for illegal strikes.

COSATU and NACTU met with a committee of industrial relations specialists from leading employer groups through the period June to August in an attempt to develop alternative labor legislation. While the parties did make progress, ultimately they did not succeed. However, the talks were notable in widening the ambit of labor-management negotiations. In a similar fashion, a workshop between a group of enlightened business leaders and a joint United Democratic Front/COSATU delegation in August 1988 showed the increased willingness of trade union leaders to engage in dialogue.

After unprecedented levels of industrial unrest in 1987--with a record 5.8 million work days lost to strikes--industrial relations were markedly less turbulent and violent in 1988. There were no strikes in 1988 approaching the magnitude of 1987's mining strike or the protracted and violent transport strike. The most notable strike was a partial walkout in the metals industry which ended when South Africa's second largest union, the National Union of Metalworkers of SA (NUMSA), signed the industry-wide collective agreement for the first time. In all, through September of 1988 an estimated 967,000 work days had been lost to industrial action. Roughly 40 percent of that total was lost in public sector strikes. Most of the public sector is not covered by the Labor Relations Act. Despite

efforts by government to create structures for a limited form of collective bargaining, industrial relations practices lag well behind those in the private sector. Until the machinery to address black public sector grievances is modernized and management resistance to recognition of black unions eases, it seems likely that public sector labor relations will continue to be unstable.

It is unlikely that the dip in strike activity in 1988 is the start of a long-term trend. The continued effective disenfranchisement of blacks will ensure that unions remain involved in political issues which will add to tensions in the work place. In this regard, it is noteworthy that the total work lost in 1988 to political stayaways--7.5 million man days according to one estimate--dwarfed that lost to industrial strikes.

Not all the news was bad for the black trade unions, or for workers in general in 1988. Non-agricultural employment having increased by only 0.9 percent in 1987 jumped by 1.9 percent on a seasonally adjusted annual rate in the first quarter of 1988. The official government-estimated unemployment rate for black Africans declined to 13.6 percent in June 1988 from a record high of 19.4 percent in July 1986. However, private estimates of black unemployment/underemployment, including the homelands are much higher, ranging from 25 percent to almost 40 percent. The Director General of Manpower estimated the number of unemployed/underemployed at 2 million as an "absolute minimum." In view of forecasts that economic growth is most unlikely to exceed 3 percent per annum given South Africa's growing economic isolation, the country's long-term structural unemployment problem will remain serious.

The somewhat improved current job market, combined with a lower rise in the consumer price index--12.3 percent from October 1987 to October 1988--resulted in a rise in real wages for both white and black workers in 1988. For white workers, this represented the first rise in real wages since 1984. As was the case in 1986-87, minimum wages for unionized black workers achieved through collective bargaining led the advance in percentage terms--up 22.9 percent over 1987 according to a private survey.

Despite passage of the Labor Relations Amendment Act and the growing restrictions on COSATU's political activities, 1988 saw some gains for black workers on the legal front. The Mines and Works Act, repealing South Africa's last legal racial job bar--job reservation for whites in certain skilled mining occupations--came into operation. In a ruling which will facilitate the advancement of blacks in mining, the Industrial

Court ruled that the whites-only MineWorkers Union committed an unfair labor practice by refusing to allow its members to train blacks for certain skilled jobs. The Industrial Court also ruled that racial wage discrimination is an unfair labor practice and broadened protection for strikers. Finally, the Rand Supreme Court ruled that striking "temporary" public sector workers could not be summarily dismissed without a hearing.

At the international level, COSATU and its affiliated unions broadened contact with Western unions including the AFL-CIO. In response to appeals by COSATU and NACTU, foreign trade unions increased international economic pressure on the Government to abolish apartheid. However, the position of some South African black unions on the issue of disinvestment was somewhat ambivalent. Both COSATU's Chemical and Metalworkers Unions, while subscribing to COSATU's policy in favor of comprehensive and mandatory economic sanctions, have a nuanced policy on disinvestment which acknowledges that disinvestment, as it has occurred, has not benefited black workers nor has it accelerated progress toward abolition of apartheid. The Chemical Workers do not appear to be pressing the multi-nationals to leave. Instead, they are trying to get the foreign companies to commit themselves to provide one year's notice of intent to disinvest during which time negotiations on the terms of disinvestment could take place. COSATU's Metalworkers developed an industrial relations code with the West German metals union based on German law and are pressing West Germans who choose to stay in South Africa to adhere to it. Meanwhile disinvestment by U.S. companies continues, albeit at a somewhat slower pace than in 1986-87. The number of U.S. firms in South Africa (with 25 or more employees) dropped from 146 to 111 during 1987, and declined further to 95 to date.

I. RECENT ECONOMIC GROWTH TRENDS

After a recession in 1985-86, there was a recovery in 1987 with the gross domestic product (GDP) growing at 2.6 percent. While the economic upswing peaked in the last quarter of 1987, economic growth continued through 1988. The rate of growth for 1988 is projected to be about 2.7 percent. Seasonally adjusted and annualized real GDP growth rates by quarter were:

4th Q 1987	1st Q 1988	2nd Q 1988	3rd Q 1988
4.8	3.6	2.2	2.5

There was a general improvement in the performance of the different sectors of the economy. The mining and agricultural sectors showed some improvement this year compared to 1987. Judging from the performance of the general economy it would seem that domestic economic confidence has in some measure returned.

Gross domestic expenditure was boosted by a continued increase in consumer spending (albeit it is mostly based on credit), which has grown at an average of 4 percent (annualized and seasonally adjusted) over the past eight quarters. Real domestic fixed investment showed an improvement of between 5 percent to 7 percent in 1988 after 6 years of decline (according to preliminary data).

The modest growth in GDP in 1987-88 barely exceeded population growth. While it did lead to a reduction in the unemployment rate from its high in the recession period, it was insufficient to make inroads into the country's major structural unemployment problem. Increasing numbers of new black job seekers, and the underemployed--especially women--rely on informal sector activities such as street vending and sewing to eke out a subsistence existence. Although it is impossible by definition to accurately measure the level of informal sector activity, one estimate places it as high as 40 percent of GDP.

Despite the economic recovery of 1987-88, longer term forecasts are more problematic. In addition to uncertainties about gold price trends, the greatest obstacle to growth is South Africa's increasing isolation from other countries including its difficulty in gaining sufficient access to foreign credit. The Government's program of political reform slowed--some would say stopped--in 1987-88 and its restrictions on anti-apartheid organizations increased as did press censorship. Therefore, a reversal of the trend toward increasing foreign economic sanctions is difficult to envisage.

II. LABOR AND THE ECONOMY

A. Employment and Unemployment

It is estimated that 350,000 work seekers enter the labor market annually. However, for the entire period from 1980 through March of 1988 a total of only 240,000 formal sector, non-agricultural jobs were created, of which 235,000 were in government or in state-owned business enterprises. The number of public sector jobs continued to grow in 1988--up 42,572 in the first 6 months to 1.658 million. The modest economic upturn of 1987 and the first half of 1988 led to some recovery

in private sector employment as manufacturing jobs were up 1.9 percent in July 1988 from the depth of recession 2 years earlier. Jobs in construction were up 3.8 percent over the same period. However, in both sectors there are now fewer jobs than at the start of the decade. In fact, the only part of the private sector to show significant growth during the 1980's was the service sector--up 8 percent--but services still rank fifth in total employment providing fewer jobs than manufacturing, mining, trade, and construction.

Total agricultural employment on white-owned farms outside the 10 black homelands continued its steady decline with employment estimated at 1.2 million in 1985 compared to 1.38 million in 1980 and to 2.52 million in 1970. This decline in agricultural employment due to increased mechanization on white-owned farms, combined with low wages, is a cause of the growing number of blacks migrating to cities to seek work. Approximately 40 percent of South Africa's estimated 30 million blacks (including those who live in the four so-called independent homelands) are urbanized. This percentage is expected to increase to 75 percent by the year 2000.

There are no agreed, reliable unemployment figures. Government surveys of total unemployment of "colored," Asian, and African joblessness show the positive, but limited, effects of the modest economic recovery.

*Unemployment Surveys

	Jan 87	Jan 88	June 88
"Coloreds"	10.7%	11.0%	10.4%
Asians	10.8%	10.4%	9.3%
African	17.0%	4.4%	13.6%

Government surveys do not include the so-called independent states of Transkei, Bophuthatswana, Venda, and Ciskei and according to private economists significantly underestimate black unemployment. These experts estimate total under-employment/unemployment at between 25 and 37 percent or between 3 and 4.6 million. The Director General of Manpower, speaking in November 1988, put total unemployment/underemployment at 2 million at an "absolute minimum."

*South African Government racial categories: Comparable data for whites is not available.

B. Wages, Labor Costs, and Productivity

1. Wages

State President P.W. Botha tried to restrain wages in 1988. He began the year by decreeing a wage freeze in the public sector through the fiscal year ending March 30, 1989, and he repeatedly called for wage restraints in the private sector. His "jawboning" did not succeed.

The average real wage per worker was 3.3 percent higher in the first half of 1988 than in the first half of 1987. The average nominal amount of salaries and wages per worker in the non-agricultural sectors of the economy in the first half of 1988 was 17.1 percent higher than in the first half of 1987. This was the largest year-on-year increase in a half-yearly average of the nominal remuneration per worker since the second half of 1984.

Wages in manufacturing rose 21.5 percent from August 1987 to August 1988. For the first time since 1984, real wages for whites in manufacturing rose--as nominal wages for whites went up 18.6 percent compared to a 12.4 percent rise in the consumer price index. Settlements by private sector unions during 1988 (to September 30) averaged 20.7 percent according to a survey by the Institute for Industrial Relations. Another survey by the Labor Research Service of 86 industrial council and other settlements with unions showed the average minimum wage for laborers (overwhelmingly black) in negotiated settlements rose an average of 22.9 percent to R122 a week in 1988. This survey indicates the continuation of the trend throughout the 1980's that wage increases of unionized blacks in percentage (but not absolute) terms exceed those of whites.

Discontent with the wage freeze mounted through 1988 among civil servants. In September, on the eve of the hotly contested municipal elections, the State President relented and announced a 15 percent increase for government workers effective January 1, 1989, (brought forward from April 1989 and increased 3 percent from the planned 12 percent boost). For teachers the raise came on top of a 7 percent adjustment in December 1988.

2. Labor Productivity

According to the South African Reserve Bank, labor productivity (i.e. real gross domestic product per worker in the non-agricultural sectors of the economy) increased by 1.2 percent in calendar 1987 and at a seasonally adjusted annual rate of 1.8 percent in the first quarter of 1988.

Over the longer term, the increase in labor productivity was extremely modest--only 5.1 percent from 1980 to 1988, a figure which lags well behind those of the industrialized western countries. Nominal unit labor costs rose 190 percent over that period.

A variety of reasons have been suggested for the low productivity. One major reason is the low skill level of the work force which is a direct consequence of the discriminatory educational system. In the past few years as unionization of black workers has grown tremendously and strikes have become increasingly frequent, management's search for ways to improve productivity has increasingly focused on motivating workers (and in some cases substituting machines for men).

Considerable publicity has been given recently to employee share ownership plans (ESOP's). Besides improving productivity, some managers hope such schemes can help foster a more positive image of capitalism among urban black workers, most of whom have a more favorable impression of socialism. Almost all ESOP's have been developed unilaterally by management without negotiations or meaningful consultations with unions. Some unions have criticized extant ESOP's for failing to incorporate worker representation in senior policy making, or to transfer meaningful equity. The most notable new plan was announced in November 1987 by the giant Anglo-American Corporation, which offered employees with a minimum of 2 years service, five shares each and paid for by the company. The share offer was not negotiated with the National Union of Mineworkers (NUM) whose General Secretary Cyril Ramaphosa blasted the plan as "political and economic blackmail" to try to seduce workers away from socialism. Despite the union's stance, some 64 percent of eligible employees (not all of whom are NUM members) accepted the shares. However, if any employers hope that ESOP's will lessen black workers' loyalty to their unions, they are likely to be disappointed because black workers view their unions as their voice for protesting the apartheid system.

It has been increasingly suggested by management that future wage increases be linked to gains in productivity. COSATU, however, in its "living wage" campaign has stressed the need for redistribution of wealth. What constitutes a "living wage" is a matter for debate. The Institute for Industrial Relations' survey found an average minimum monthly wage in negotiated settlements with unions in 1988 to be R602. It is worth noting that the University of Port Elizabeth's Institute for Planning Research estimates the minimum household subsistence level for a black African family of six in the Johannesburg area to be R506 a month and R474 in Durban as of

March 1988. This is defined as a minimum level based upon rational expenditures calculated at lowest retail cost to maintain health and decency in the short term, but does not include expenditures on education and recreation. Based upon actual surveys of spending patterns, however, the Institute's director proposes that a Household Effective Level fifty percent higher be used to provide a more realistic picture of need. Using this figure, the black African family would require an income of R759 a month in Johannesburg and R711 in Durban.

This required spending level indicates that the "living wage" campaign is justified in terms of need and fairness. However, as University of Stellenbosch Professor of Economics Sampie Terreblanche contended at a November 1988 seminar on COSATU's living wage campaign, if the living wage is higher than the productivity of the black workers in question, employers will be inclined to cut staff and increase the capital-labor ratio. (This trade-off might be inhibited since capital equipment which must be imported is becoming increasingly scarce and therefore expensive.) Terreblanche concluded that attempts to address the workers' demands for a living wage within the present political structures and stagnant economic conditions were a futile exercise.

III. INDUSTRIAL RELATIONS

A. Legislative and Regulatory Developments

1. Labor Relations Amendment Act

The Labor Relations Amendment Act finally came into force on September 1, 1988, almost 2 years after its first version was published in Parliament. The Act, which is widely seen as an attempt to tilt the balance in labor-management negotiations toward employers, is the subject of continuing controversy. Among the Act's provisions are:

- continued exclusion of domestic and farmworkers, and most public sector employees. Now also excluded are teachers/trainers at educational institutions supported wholly or partly from public funds;
- a ban on sympathy and secondary strikes and consumer boycotts;
- establishment of a Labor Appeals Court under the Ministry of Justice as a division of the Supreme Court to hear appeals from Industrial Court decisions;
- codification of unfair labor practices; and
- a provision which transfers the burden of proof in civil liability suits to union officials to prove they were not responsible for the illegal actions of their members.

2. Reaction

In May 1988, COSATU filed a complaint with the ILO alleging that the Act gives preference to racially organized unions at the expense of nonracial ones, and that it abridges the right to strike. On the other hand, the white, conservative South African Confederation of Labor (SACOL) said the new law was needed "to put labor relations in the country in order." SACOL affiliates, and white unions generally, traditionally avoid strikes. Their members feel threatened by the level of black industrial unrest.

The approval of the Act by Parliament came on the heels of government action in February 1988 which prohibited COSATU from carrying out a list of political activities including conducting publicity campaigns which make political demands on government, or campaigns encouraging disinvestment and sanctions. COSATU challenged the legality of the restrictions and the Government responded by accusing COSATU of implementing the strategy of the outlawed African National Congress (ANC). In May, COSATU held a Special Congress to develop strategies to counter the State's political restrictions and the Labor Bill. The major response was a 3-day work stayaway June 6-8, in which COSATU was joined by NACTU, and community anti-apartheid groups. Surveys by the Labor Monitoring Group show the stayaway was probably the most effective in South African history. In the Pretoria-Witwatersrand-Vereeniging area where well over half the country's commerce and industry is located, over 70 percent of African workers surveyed stayed away from their factories for the 3 days. In Natal, the stayaway was similarly effective but less so in the Cape Province. While there is no official estimate of the total work days lost due to the stayaway, they clearly greatly exceeded the total work days lost through all purely industrial actions for the entire year. (Andrew Levy and Associates, a leading industrial relations consulting firm, estimated that throughout 1988, 7.5 million man days were lost in political stayaways.)

After the stayaway, with the encouragement of the Minister of Manpower, the two labor federations negotiated with the SA Consultative Committee on Labor Affairs (SACCOLA)--a committee of industrial relations managers of the major employer federations--in an attempt to agree on alternative language for some controversial provisions of the Act. During the talks the Minister delayed promulgating the new law. The unions and employers were unable to agree on preferred alternative legislation but did agree to recommend to government that several provisions of the legislation not be put into operation while negotiations continued. These included the unfair labor practices definitions which contained some limitations of the

right to strike and which also allegedly gave preference to racist unions; and the clause which put the onus on union officials to prove they were not responsible for actions of their members in civil suits. However, the Minister of Manpower, noting that the unions and employers had not jointly recommended revisions to the legislation by the agreed date, implemented the Act in its entirety on September 1.

The American Chamber of Commerce in South Africa (AMCHAM) made representations to government and parliament expressing concern about the then pending bill. AMCHAM publicly termed the bill a "retrogressive step." While it is too early to gauge the new law's impact, two COSATU-affiliated unions have already been threatened by employers with major damage suits for illegal strikes. Some liberal labor experts have suggested that unions and employers bypass the state's industrial relations machinery under the Act. Instead they suggest that parties negotiate collective agreements with an alternative set of industrial rights and duties. Such agreements could also provide for private arbitration to settle disputes. The black trade unions say they will pressure employers not to use the act. Multi-national employers, who generally are sensitive to foreign opinion, are likely to be more sympathetic to such a union position than South African companies. Pepsi Cola, for example, agreed in November with the Food and Allied Workers Union (FAWU) to conduct themselves in accord with their negotiated agreement and not to have recourse to the new Act. Kelloggs agreed with FAWU not to invoke certain clauses of the Act.

3. Mines and Works Act: Job Reservation

The Mines and Works Act, repealing South Africa's last legal racial job bar--job reservation for whites in certain skilled mining occupations--came into operation in July 1988. The implementing regulations were criticized by the black National Union of Mineworkers (NUM) as opening the way for setting eligibility standards for applicants which would limit black advancement. Both NUM and the Chamber of Mines also criticized the provision allowing government to take into account the views of advisory committees on "proven labor needs" before admitting candidates into the skilled job categories. They feared the white MineWorkers Union (MWU), which would be on the committees, would persuade government to keep estimates of need artificially low to limit the total of black entrants into the previously white jobs. But, the NUM also agreed to sit on committees to advise the responsible Minister on implementation of the regulations.

In late 1988, three black miners became the first to receive blasting certificates as a result of the abolition of racial job reservation.

4. South African Transport Services (SATS) Conditions of Service Act

This Act, passed in April 1988, establishes a Labor Council, modeled on private sector's industrial councils, as a forum for collective bargaining between management and organized labor in the public transport sector (almost 200,000 workers). The Act outlaws strikes and provides for arbitration of disputes not settled in negotiations in the Labor Council or by conciliation. The new system received an early test when a dispute in the annual wage negotiations was settled by an arbitrator who awarded a 12 percent pay hike. Worker representation on the labor council is based upon one representative per union regardless of total union membership. A three-quarters majority vote is required to admit new unions to representation to the Labor Council. The South African Railways and Harbor Workers Union (SARHWU), a COSATU affiliate which waged a lengthy strike against SATS in 1987, is not represented on the Labor Council. SARHWU's strikes in October-November 1988 in Durban and East London were in part an attempt to gain union recognition. They show that an effective collective bargaining system is unlikely to be achieved while SARHWU, which represents thousands of black workers, is kept out of the legal bargaining system. Some observers have noted that many disputes in SATS are local and have questioned whether national bargaining will be adequate to address grievances.

The Act, nevertheless, may become a model for a form of expanded, but still circumscribed, collective bargaining in the public sector. The postal authorities have proposed a similar mechanism. The black African Post and Telecommunications Workers Association (POTWA) has observed that the one union--one vote system would not fairly represent the work force.

5. Health and Safety

Attention to health and safety issues has increased in recent years in part due to pressure from the black trade unions. Throughout 1987-88 regulations setting standards under the Machinery and Occupational Safety Act of 1983 were issued including regulations for work place environmental standards, asbestos, and general and electrical machinery. The regulations are administered by inspectors of the Department of Manpower. According to Department statistics there were 400

fatalities in industrial accidents in 1987 compared to 421 deaths in 1986. Building and construction was the most dangerous industry.

Safety issues are particularly contentious in the mining industry which is governed by regulations under the Mines and Works Act. Regulations providing for management-appointed safety officers and representatives in mines were issued in September 1988. The National Occupational Safety Association applauded the regulations and said it had received requests to train 1,200 safety representatives. A safety expert close to the unions criticized the use of management-appointed safety representatives instead of providing more funds for more government inspectors. The critic said safety representatives should be elected rather than appointed by management.

While the overall fatality rate in gold and coal and other mines, mainly diamond mines, recorded by the Chamber of Mines has declined in recent years, it remains very high particularly in the deep gold mines. In 1986, 732 miners lost their lives, and in 1987, 662 miners died in accidents. The rate of fatalities per 1,000 workers was 1.13 percent in 1987 compared to 1.22 percent in 1986. In the first 10 months of 1988, the Chamber reports 466 accidental deaths compared to 587 during the same period a year earlier. In the wake of a series of mine accidents in October 1988, the NUM demanded the right to negotiate health and safety issues--a demand the mining houses are resisting.

In December, the Government mining engineer announced a ban effective January 1 on installation of polyurethane in all South African mines. The order states that all existing polyurethane shall be removed at the earliest opportunity. The action followed a fire in October 1988 at Western Deep Levels which ignited polyurethane and killed seven miners. The National Union of Mineworkers, which had called for the abolition of the use of polyurethane after the Kinross disaster of 1986, hailed the Government's move.

B. The Industrial Court, Conciliation, Mediation and Arbitration

1. The Industrial Court

Established in 1979 within the context of the Wiehahn reforms, the Industrial Court got off to a slow start. At first, only registered trade unions had access to the Court, and the new black unions--most of which were initially unregistered--were suspicious of it as an arm of the Government. In 1982, unregistered unions gained access to the Court through an amendment to the Labor Relations Act.

Since its inception, the Industrial Court has endeavored to build a body of case law, particularly in the area of unfair dismissals. A series of decisions in favor of worker plaintiffs in 1982-83 greatly improved the reputation and credibility of the Court among black trade unions. It also led to employer complaints that the Court was pro-union which was one of the factors ultimately leading in 1986 to introduction of the recently passed Labor Relations Amendment Bill. A key provision establishes a Labor Appeals Court, as a specialized division of the Supreme Court, to hear appeals from Industrial Court judgments. Critics of the legislation say the provision is unnecessary because the Industrial Court is fair. They point to the increasing resort of employers to the court, mainly for injunctions, to end work stoppages as a sign of balance and credibility. There is concern that creation of a Labor Appeals Court will delay the resolution of industrial disputes and add to litigation costs.

The number of cases brought to the Industrial Court is as follows:

1980	1981	1982	1983	1984	1985	1986	1987	1988 (Jan-Aug)
15	20	41	168	399	801	2000	3533	2566

This steadily increasing workload is delaying the timeliness of Court decisions. It is a contributing factor in the increasing recourse to private mediation and arbitration by labor and management.

C. Court Decisions

1. Wage Discrimination

The Industrial Court ruled in the case of the chemical giant Sentrachem vs. NACTU's SA Chemical Workers Union that racial wage discrimination is an unfair labor practice. The Court also broadened the rights of fired strikers. It ordered Sentrachem to rehire strikers who had been victims of selective reemployment. The Supreme Court, on appeal, reversed the finding that the company had been guilty of racial discrimination. Its decision will make it more difficult to prove the existence of racial wage discrimination. But the Supreme Court upheld the Industrial Court on the firing-rehiring issue. This is a significant expansion of union rights. It will limit the widespread management practice of dismissing strikers and selectively rehiring them after the strike, denying reemployment to "union troublemakers."

2. Discrimination in Training

The Industrial Court ruled the whites-only MineWorkers Union (MWU) committed an unfair labor practice by refusing to allow its members to train blacks in certain positions. The Court said the MWU had prejudiced employer efforts to follow a policy based on merit and not race. The MWU said it would appeal to the new Labor Appeals Court. The Industrial Court decision, in conjunction with the end of racial job reservation, should facilitate the advancement of blacks in skilled mining jobs.

3. Intervening in Strikes and Lockouts

The Industrial Court came under criticism for a series of decisions late in 1988 in which the court granted, under the new Labor Relations Amendment Act, urgent interdicts to block strikes and lockouts. Critics charge that the Court's willingness to intervene to temporarily block industrial action, before it has determined whether such action would be an unfair labor practice, will distort the collective bargaining process.

4. Duty to Bargain in Good Faith

The Labor Relations Amendment Act, as finally passed in 1988, omitted a provision of the initial draft of December 1986 which would have made it an unfair labor practice for unions or employers to fail or refuse to negotiate in good faith. It appears that in the wake of the wave of strikes and violence in 1987, the Government changed its mind on inclusion of this union-favored provision. There have been conflicting Industrial Court decisions as to whether labor law requires or only encourages collective bargaining between employers and a representative trade union. In the most recent decision in 1988 involving COSATU's Food and Allied Workers vs. Spekenham Supreme, the Industrial Court said that voluntary bargaining has no place in a system principally intended to combat industrial unrest. It is "unfair" for an employer not to negotiate with a representative union, the court concluded.

5. Rights of "Temporary" Public Service Workers

Most black health workers at public hospitals are classified as "temporary" workers, regardless of longevity of service. This sector is also excluded from coverage of the Labor Relations Act. Late in 1987, about 500 workers of NACTU's National Union of Public Service Employees were dismissed for participating in a strike at two hospitals in the Southern Transvaal. Rand Supreme Court Justice Goldstone in Mokoena and Others vs. the

Administrator of the Transvaal found that the employees, although considered "temporary" and subject to dismissal at any time upon 24 hours notice by the provincial administration, were members of a pension scheme. Therefore, the judge ruled they had a "legitimate expectation" that they would not be deprived of pension rights without cause and, therefore, were entitled to a hearing before dismissal. The judgment portends that, notwithstanding contracts which give public sector managers the right to dismiss at will, employers will have to follow fair procedures or they may end up being compelled by the courts to rehire dismissed workers.

D. Major Industrial Negotiations and Disputes

1. Chamber of Mines - National Union of Mineworkers

After the bruising 1987 strike in which a 20-day walkout by at least 225,000 miners (Chamber's estimate) failed to win the union any improvement in wages over the Chamber's final pre-strike offer, the union and the Chamber were anxious to avoid a rerun in 1988. The atmosphere for annual wage negotiations covering most of the country's gold and coal mines was improved when in March 1988 the Anglo-American Corporation, in whose mines NUM has most of its membership, reached an out-of-court settlement with the union on the fate of 18,000 unemployed workers fired during the 1987 strike. The settlement should enable about half of the fired miners to be rehired over 3 years. The 1988 wage negotiations were notable for their business-like atmosphere and absence of the "brinkmanship" which management alleged characterized previous negotiations. Wages were increased 13 percent to 16.5 percent with the highest boost for the lowest grade (compared to a CPI increase of 12.4 percent). The Chamber's concessions on establishing a provident fund were a key to reaching a settlement.

The avoidance of a strike in 1988 afforded NUM, which is COSATU's largest affiliate, the breathing space to rebuild the union which suffered a serious loss in membership due to the 1987 strike firings and their aftermath.

2. Metals Industry

The metals industry which employs about 325,000 workers is South Africa's second largest private sector employer after mining. Unlike in mining where the Chamber of Mines negotiates separately with the white MineWorkers Union and the black NUM, with differing contract expiration dates, in metals all unions negotiate at the same time with the employers group--the Steel and Engineering Industries Federation of SA (SEIFSA). This

year four black unions belonging to the SA Coordinating Council of the International Metalworkers Federation (IMF) maintained a common front through most of the bargaining and refused SEIFSA's final offer. The largest black union--the National Union of Metalworkers of SA, COSATU's second largest affiliate--accounted for the vast majority of the roughly 25,000 strikers who walked out for 15 days in August 1988. Then, in an historic first, NUMSA agreed separately with SEIFSA to accept management's 17.4 percent pre-strike offer which provides for a R3.02 minimum wage, in return for non-wage concessions, and for the first time signed the industrial council agreement. On the emotional subject of public holidays, SEIFSA agreed to the substitution of May 1 for the government's Workers' Day and of June 16 (Soweto Day) for Founders Day subject to a vote by the workers. However, the Minister of Manpower has so far refused to "gazette", i.e. promulgate, the agreement. Reportedly, the Ministry has objected both to a clause back dating the effective date of the wage increase and to the compromise on public holidays. The latter is said to be contrary to government policy. Increasingly, black workers are observing May 1 and June 16 as "their" holidays regardless of government's views.

The metals industry settlement confirms NUMSA's place as one of the country's foremost unions.

E. Strikes

Strike activity, excluding political work stayaways, declined dramatically in 1988 when compared with 1987. Based upon projections, it is likely to be comparable to the level of strike activity in 1986. Private surveys give somewhat differing totals for 1988 but the trend is clear. The Institute for Industrial Relations found the number of strikes was down 34 percent in the period January through September 1988 from the same period in 1987. Andrew Levy and Associates estimate that 967,000 man-days were lost to strike action during the first 9 months of 1988, compared with 5.8 million man-days lost in all of 1987 (1.3 million excluding the mining strike) and 1.3 million in 1986.

According to the Department of Manpower, the following number of strikes have taken place since 1983:

1983	1984	1985	1986	1987
336	469	389	793	1,148

Official figures for 1988 are not available but the Institute for Industrial Relations' preliminary survey put the number of strikes at 457 through September 30.

The Department of Manpower provides the following estimate of work days lost (in thousands):

1984	1985	1986	1987	1988
380	677	1,308	5,825	967 (through Sept. according to private estimate)

Some unions took a "breather" after lengthy strikes of 1987, which caused a loss in membership, and were more cautious before taking strike action. By the third quarter of 1988, however, strike activity had picked up. Major strikes were NUMSA's strike against SEIFSA, strikes by SARHWU against SATS in Durban and East London, and a marathon strike by COSATU's SA Municipal Workers Union (SAMWU) against the Soweto City Council. The latter two public sector strikes were, in part, an attempt--so far unsuccessful--to gain union recognition. In all, roughly 40 percent of man days lost in 1988 were lost in the public sector. It appears unlikely that the falloff in strike activity in 1988 from the level of 1987 is the start of a trend. Strong pressure by the black unions for wage boosts will continue, both to narrow the "racial wage gap" and to achieve a "living wage". In the public sector, black workers have even deeper seated grievances than those in the private sector. Tens of thousands are classified as "temporary" employees despite years of services. Their unions are weak and inexperienced and are usually confronted by managers who resist unionization. This combination of factors is likely to contribute to continued instability in public sector labor relations. Finally, in view of the continuing effective disenfranchisement of blacks, unions will remain involved in political issues which will add to industrial tensions.

IV. THE TRADE UNIONS

A. Statistics

According to the Department of Manpower, there were 205 trade unions registered at the end of 1987 with a membership of 1.87 million--an increase of 10.7 percent over the previous year. In addition, there were 88 unregistered unions at the end of 1987 with an estimated membership of 240,000.

Roughly 37 percent of the organizable, employed work force are unionized (i.e., excluding farmworkers and domestics who are not covered by legislation facilitating organization and workers in the "independent" national states which have anti-union policies).

B. Elements of the Labor Movement

The period 1987-88 was marked by stabilization in the alignment of trade unions after a period of great fluidity from 1979 (the year the Wiehahn reforms gave impetus to the tremendous growth in black trade unions) to 1986. The main federations and unions are:

1. The Congress of South African Trade Unions (COSATU). Founded on December 1, 1985, COSATU claims a paid membership of 690,000 which makes it by far the largest and most important labor federation in South Africa. At its congress of July 1987, it endorsed the ANC Freedom Charter although not all affiliates have followed suit. The federation has a policy of nonracialism as does the ANC and the United Democratic Front. As part of the federation's one industry-one union policy, several mergers took place in 1987-88. Key institutional developments of COSATU's affiliates during the period include:

a. The National Union of Mineworkers (NUM), the largest union in the country, dropped from about 260,000 to about 210,000 members following the 1987 strike but is now regaining strength.

b. The National Union of Metalworkers of SA (NUMSA) has gained considerable membership since its merger in early 1987 and is South Africa's second largest union with 160,000 members. Its General Secretary, Moses Mayekiso, remains on trial for treason for his nonviolent civic activities in the black township of Alexandra. After 2 1/2 years in prison, Mayekiso (and four fellow defendants) were released on bail on December 9.

c. The Amalgamated Clothing and Textile Workers Union of SA (ACTWUSA) was formed late in 1987 in a merger of COSATU's textile workers and two independent unions and is among COSATU's largest affiliates with 73,000 members. Two other independent garment unions merged to form the Garment and Allied Workers Union (GAWU). With about 100,000 members, GAWU is the nation's largest independent union. It has adopted a more aggressive approach to bargaining with management in 1988. Its leaders have expressed interest in future affiliation to COSATU, and it participated as an observer as part of the ACTWUSA delegation at the May 1988 COSATU congress.

d. The Commercial Catering and Allied Workers Union of SA (CCAWUSA) suffered a split in 1987, which has not been resolved, over the issue of endorsement of the Freedom Charter. COSATU recognizes the pro-Freedom Charter group in the union.

e. The South African Municipal Workers Union (SAMWU) was formed in a merger of five COSATU affiliates representing municipal workers. It has waged a lengthy strike, so far unsuccessful, against the municipality of Soweto.

f. The Post and Telecommunications Workers Association (POTWA) with 20,000 members affiliated to the federation in October 1988.

g. The South African Railways and Harbour Workers Union (SARHWU). Following a lengthy, violence-marred strike in April-June 1987, several national officials were detained either under Section 29 of the Internal Security Act (for questioning) or the State of Emergency regulations. Eight SARHWU members, including a regional union official, admitted murdering four non-strikers. They await sentencing. A court inquest in November 1988 found no liability in the killing of four striking demonstrators who police said attacked them. The union is still trying to gain recognition from the management of SA Transport Services and gain representation on the industry's negotiating forum, the Labor Council.

2. The National Council of Trade Unions (NACTU). This is South Africa's second largest federation formed in a merger in 1986 of the Council of Unions of South Africa (CUSA) and the Azanian Confederation of Trade Unions (AZACTU). In May 1987, it took the name NACTU. The federation is independent from political movements but there is strong pro-Pan Africanist Congress (PAC) and black consciousness sentiment in its ranks. Press reports indicate that union officials sympathetic to the PAC have gained in influence and power within the federation during the past year. In May 1988, NACTU met with the African National Congress which agreed that endorsement of the Freedom Charter was not a prerequisite to the unity which was needed in the labor movement. NACTU's leaders maintain that COSATU's endorsement of the Freedom Charter is an obstacle to trade union unity. At NACTU's annual congress in October 1988, the Federation changed its policy which had required "black working class leadership" of its unions. Instead it substituted the term "African" for "black" and has explained the term "African" to mean those who, regardless of race, consider themselves to be African and are committed to liberation.

NACTU has claimed a membership of 240,000 but its internal documents show that its affiliates claim a membership of only about 150,000 for purposes of dues payment to the Federation. The largest unions are the SA Chemical Workers Union (SACWU) and the Building Construction and Allied Workers Union (BCAWU) which are the only two NACTU affiliates with more paid-up members than COSATU affiliates in the same sector. The Media Workers Association of South Africa with about 5,000 paid-up members affiliated to NACTU during the period.

3. The United Workers Union of South Africa (UWUSA). UWUSA was founded in Durban in May 1986 with the backing of the Zulu political and cultural organization Inkatha. It adopted a pro-free enterprise, anti-disinvestment stance in contrast to most of the black trade union movement. The union's growth has been slow and it has yet to transform itself from a general workers union into a federation as it had planned. UWUSA claims a membership of 75,000 in Natal. UWUSA registered with the Department of Manpower as a union in 1987. It is the only black trade union represented on the Government's National Manpower Commission and the Parliament-established Pension Committee.

4. The South African Confederation of Labor (SACOL) is a right-wing, all-white organization which claims to represent 100,000 workers.

5. White Workers Union (WWU). The WWU, at first called the White Conservative Workers Union, is a far right-wing organization launched in 1987. There are no estimates of its strength, but it has reportedly been active in negotiating recognition agreements in the Brits, Pretoria, Rustenburg area of the Transvaal. It offers to provide advice to small businessmen "threatened with COSATU-style unionism."

C. Teachers' Organizations

Teachers' organizations are divided by the apartheid educational system on racial lines:

The Teachers Federal Council represents white workers;

The African Teachers Association of SA (ATASA) is a federation of African teachers organizations with a paid-up membership of over 60,000; and

The Union of Teachers Associations of SA (UTASA) is a federation of "colored" teachers organizations. Its major affiliate, the Cape Teachers Professional Association (CTPA) with 25,000 paid-up members endorsed the Freedom Charter in 1988.

Cooperation between the established African and "colored" teachers associations and smaller, more political teachers organizations improved in 1988. No teachers organizations are affiliated to a labor federation, but it is a goal of COSATU to foster unity among teachers organizations.

In February 1988, the National Education Union of South Africa (NEUSA) was effectively banned. NEUSA was an organization of teachers committed to campaigns against apartheid.

V. INTERNATIONAL ACTIVITIES

A. U.S. Labor Policy in South Africa

The U.S. Government views an independent and democratic trade union movement as one essential element in any democratic, pluralistic, and open society. Worker rights, such as freedom of association, are an integral component of human rights. For a quarter of a century, therefore, the U.S. Congress has appropriated funds to the Agency for International Development (AID) and through it to the AFL-CIO's overseas regional institutes to help develop trade unions as an aspect of the overall U.S. foreign assistance program.

In South Africa today, the U.S. Government strongly supports the continued strengthening of the black trade union movement and the increased use and strengthening of collective bargaining. Unions have demonstrably improved the conditions of workers exploited by the apartheid system and are a major force in pressing both the state and employers for change. Trade unions help empower blacks and are forging black leadership for the future. The collective bargaining process is, furthermore, perhaps the only institutionalized forum in which blacks and whites negotiate on a more or less equal basis, an experience with broader political implications. Congress, therefore, authorized under the Comprehensive Anti-Apartheid Act assistance to South African trade unions. By directly supporting the trade union movement, the United States hopes to contribute both to the demise of apartheid and to the building of a nonracial, democratic society.

B. AFL-CIO

In 1981, the AFL-CIO's Executive Council initiated a long-term program of action in support of the black trade unions in South Africa to be implemented by the AFL-CIO's African-American Labor Center. The AFL-CIO's efforts have been hindered somewhat by the Government's refusal, since 1986, to grant visas to its officials. In 1988, the AFL-CIO emphasized

building programs between its affiliates and counterpart South African unions, particularly those affiliated to COSATU and NACTU. These efforts are part of a broader program coordinated by the International Confederation of Free Trade Unions (ICFTU).

The policies of both the U.S. Government and the AFL-CIO are intended to end apartheid through peaceful means and replace it with a nonracial democracy. However, as a private institution, the AFL-CIO has its own foreign policy views. The AFL-CIO, citing its contacts with COSATU and NACTU and the support of black South African trade unionists for strong and effective sanctions, supported the CAAA of 1986 and HR 1580 (the Dellums Bill), passed by the House of Representatives in 1988, which would have toughened the economic sanctions of the 1986 act.

C. Trade Union International Contacts

Contacts between the black South African trade unions and the international labor movement are considerable. However, neither COSATU nor NACTU belongs to the ICFTU. COSATU, at its inception in 1985, adopted a nonaligned foreign policy and distanced itself from the ICFTU and parts of the western trade union movement which it viewed as non-progressive. COSATU, believing that the AFL-CIO was an instrument of U.S. Government policy, did not develop contacts with the American federation. The unpopularity of the Reagan Administration's South Africa policy among South African black trade union leaders compounded the problem. Some COSATU leaders were skeptical of what they perceived as the AFL-CIO's "pro-capitalist" orientation. In the period of this report, however, COSATU and the AFL-CIO improved their communications. Several COSATU affiliates met with their American counterpart unions. This was part of an overall broadening of COSATU's international contacts.

Numerous COSATU and NACTU affiliates, as well as several independent unions, are affiliates of the Western European-based International Trade Secretariats. The most active of these secretariats are in metals, clothing/textiles, and food. The International Union of Food and Allied Workers (IUF) reestablished a coordinating committee in South Africa of COSATU, NACTU, and independent food unions. THE IUF's international vice president is the president of COSATU's food union. The International Metalworkers Federation (IMF) launched an international campaign on behalf of NUMSA's General Secretary Moses Mayekiso who is on trial for treason. The AFL-CIO's United Autoworkers Union, which is an IMF affiliate, established a committee of prominent American jurists to monitor the trial. The South African Council of the IMF, which has COSATU, NACTU, and independent metal affiliates, worked with the West German metal union, IG Metall, and developed a

code of liberal labor relations standards for German subsidiaries in South Africa. The German union is urging German parent companies to adhere to the code. Adhering companies would renounce the "advantages" of apartheid laws and the use of security and emergency legislation, and would continue payment of wages to and the employment of detainees.

D. International Labor Organization

The Government's membership in the International Labor Organization (ILO) ended in the early 1960's. The ILO has a program of action against apartheid. As in the past, at the June 1988 plenary session of the ILO conference, the declaration and program of action against apartheid were again adopted by consensus. The U.S. delegation, however, stated its reservations to parts of the ILO program--such as the call for economic sanctions and the severance of diplomatic relations which the U.S. Government maintains goes beyond the ILO's sphere of competence. In regard to the complaint of COSATU to the ILO on the Labor Relations Amendment Act, the U.S. Government supports the proposal for an ILO fact-finding mission to South Africa. The United States has made a representation to the Government to accept the visit.

E. Sanctions and Disinvestment - Trade Union Views

A measure of the Government's concern about the influence internationally of calls by South African trade unions for sanctions can be seen in the February 24, 1988, restrictions which prohibit COSATU from encouraging economic sanctions or disinvestment. COSATU's current policy, as adopted at its July 1987 congress, calls for "comprehensive and mandatory sanctions." The Congress also endorsed other steps including "diplomatic isolation" but has not elaborated on its exact meaning. On disinvestment the policy is ambiguous. The Congress termed "disinvestment" as "currently being carried out"..."corporate camouflage." It resolved that where disinvestment takes place companies must give COSATU notice of their intention to pull out of South Africa so that bona fide negotiations can take place.

NACTU has a clear position in favor of both economic sanctions and disinvestment. Union proponents of sanctions argue that the state will only negotiate about a transfer of power under extreme pressure including a deterioration of business and white living conditions. Most black trade union leaders also argue that most black unemployment is the result of the apartheid system and state's mismanagement of the country's resources rather than sanctions--a view supported by many economists. Union members, they insist, are prepared to

sacrifice in the broader interests of the liberation struggle. On the other hand, some surveys indicate most black South Africans do not favor the withdrawal of foreign companies or economic sanctions if it increases black unemployment.

Trade union attitudes toward disinvestment vary, and it is not surprising that COSATU's Chemical Workers Industrial Union (CWIU) and National Union of Metalworkers of SA (NUMSA), which are active in sectors with the most foreign investment, in practice have a cautious position on disinvestment. The CWIU has drafted demands for disinvestment procedures and submitted them to 39 multinationals for negotiation. A key demand is that the CWIU be given at least one year of notice of any intention to disinvest during which negotiations on its terms would be held. NUMSA and Ford negotiated a disinvestment plan giving an employees trust control of 24 percent of the firm's --SA Motor Corporation (SAMCOR)--equity, with dividends to be used for community projects. The agreement was marred by a wildcat strike in April 1988 by some workers demanding that Ford's share in SAMCOR be liquidated and paid out to employees. Others demanded that dividends be paid to individual workers. NUMSA and the metals unions in NACTU which are affiliated to the SA Council of the International Metalworkers have developed an industrial relations code with the West German metals unions based on German law and are pressing West Germans who choose to stay in South Africa to adhere to it. These unions are not pressuring the foreign firms to leave South Africa.

UWUSA and the white and multi-racial trade unions oppose sanctions and disinvestment.

F. U.S. Companies and Fair Labor Standards Codes

The withdrawal of U.S. companies from South Africa continued in 1988 but at a slower pace than in 1986-87. The number of U.S. firms (with 25 or more employees) registered with the U.S. State Department dropped from 146 to 110 during 1987 and declined further to 95 as of October 1988.

Under U.S. law, majority owned U.S. firms in South Africa with 25 or more employees must submit to a State Department evaluation of their compliance with a set of fair labor standards, unless they have endorsed and are successfully adhering to a privately formulated statement of principles. Seventy companies are signatories of the Statement of Principles, known as the Sullivan Code until June 1987 when the code's formulator, the Reverend Leon Sullivan, ended his association. According to the twelfth annual report of the signatory companies issued in November 1988, the number of

signatory firms is 22 fewer than a year earlier which in turn was down from a peak of 183 at the time of the tenth report in 1986. None of the new managements, which took over from departing U.S. firms in the past year, endorsed the principles. Despite the substantial drop in their numbers, contributions by the remaining signatories to nonemployee education and community development was R63 million, which is R4 million more than in 1986. There was also a substantial increase of 67 percent--from R27 million to R45 million--in the value of goods and services purchased by signatories from black firms. So despite their thinning ranks, the signatories are still making a significant positive impact.

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